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STATE FOR EEB/TPP/BTA AND NEA/ELA  
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TAGS: [ETRD](#) [ECON](#) [EFIN](#) [JO](#)  
SUBJECT: Jordan 2009 National Trade Estimate

Ref: State 88685

¶1. Per reftel, below is the text of Jordan's 2009 National Trade Estimate, also sent, as requested, to USTR as a Microsoft Word document.

¶2. Begin Text:

#### TRADE SUMMARY

The U.S. goods trade deficit with Jordan was \$261 million in the first 11 months of FY 08, a decrease of \$248 million from \$509 million in the first 11 months of FY 07, owing to an increase in U.S. exports to Jordan and a decline in imports from Jordan, due, in part, to a global decline in textile trades. U.S. goods exported in the same periods of FY 08 and FY 07 were \$807.5 million and 724.9 million respectively, representing an increase of 11.4 per cent. Correspondingly U.S. imports from Jordan were \$1.07 billion, down 13.4 per cent. Jordan is currently the 77th largest export market for U.S. goods.

Note: Source of Data USITC; Rank is based on January - August 2008.

#### The United States-Jordan Free Trade Agreement

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Under the terms of the United States-Jordan Free Trade Area Agreement (FTA) which entered into force on December 17, 2001, the United States and Jordan agreed to phased tariff reductions culminating in the complete elimination of duties on all products by ¶2010.

#### IMPORT POLICIES

##### Tariffs

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Jordan's simple average applied tariff is approximately 11 percent, down from 13 percent in 2006, with a maximum rate of 180 percent on certain agricultural products. Most raw materials and intermediate goods used in industry have been zero-rated. Tariffs between the United States and Jordan are being eliminated as per the terms of the FTA.

The Jordan General Sales Tax law allows the government to impose a "Special Tax" at the time of importation or local production.

##### Agriculture

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U.S. agricultural exports to Jordan were \$129.6 million in 2007. Top U.S. agricultural exports consist of grains (corn, rice, and wheat respectively), soybean cake, processed and canned food, condiments, vegetable oil, almonds and poultry (both live and carcasses). Under the terms of the FTA, import duties and other trade barriers between Jordan and the United States must be phased out by 2010. Tariffs less than 5 percent have already been eliminated. Jordan excludes certain imports from the FTA's direct customs tariff relief, notably poultry, dairy products, and apples.

Certain non-tariff barriers impact U.S. exports to Jordan. Jordan selectively imposes sanitary and phytosanitary measures on meat and poultry, effectively creating non-tariff barriers on imports of

these products. In 2006, Jordan banned the importation of beef and live bovine animals from all U.S. states after the announcement of the discovery of a single case of Bovine Spongiform Encephalopathy (BSE) in Alabama. The subsequent partial lifting of the ban was accompanied by strict conditions that only allow boneless uncooked and unprocessed meat, in addition to many other limitations that have proven difficult to meet by both U.S. exporters and Jordanian importers. Import licenses, or advance approvals to import goods, are required for specific food and agricultural goods. The authorities granting such licenses and approvals include the Ministry of Agriculture, and the Ministry of Health.

#### Import License and Pre-Shipment Inspection

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In addition to the special requirements for certain agricultural products, Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods.

Jordan ended in September 2007, a pre-shipment inspection program (the Daman Program) administered through the Jordan Institute of Standards and Metrology (JISM) which the United States considered to be a non-tariff trade barrier. The Daman Program has not been replaced.

#### STANDARDS, TESTING, LABELING AND CERTIFICATION

JISM is shifting the focus of its compliance inspection activities for imported and locally-produced goods from ports of entry to a market surveillance system. JISM issues and routinely updates standards for approximately 1,300 products. JISM has licensed several laboratories to test for compliance with applicable standards.

JISM's current product standards reflect existing U.S. standards. Although JISM worked with EU agencies to review its standards and incorporated new sets of standards, JISM's director has assured the United States that any changes would not be biased against U.S. standards, also considered international standards.

JISM also issues and enforces labeling requirements.

#### GOVERNMENT PROCUREMENT

In 2002, Jordan commenced its accession to the WTO Government Procurement Agreement (GPA), with the submission of its initial entity offer. Subsequently, Jordan submitted revised entity offers in 2004, 2006, and 2007. Currently, foreign investors can bid on government-commissioned research and development programs for which international or mixed bidders are eligible. Alternatively, foreign bidders can bid on such programs with a Jordanian partner. This requirement will be dropped when Jordan accedes to the GPA.

#### EXPORT SUBSIDIES

All exporters are granted the following incentives:

-- Net profits generated from most export revenue are fully exempt from income tax. The mining sector is excluded, as are exports governed by specific trade protocols and foreign debt repayment schemes. Under the WTO, the tax exemption was initially set to expire on January 1, 2008, but upon the request of Jordan, the WTO granted an extension through December 2015, subject to an annual review by the WTO.

-- Foreign inputs used in the production of exports are exempt from customs duties and sales taxes; all additional import fees are assessed on a reimbursable basis.

#### INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Prior to its accession to the WTO, Jordan passed several new laws to improve protection of intellectual property rights (IPR), patents, copyrights, and trademarks. These laws, which were passed to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), now protect trade secrets, industrial

designs, plant varieties and semiconductor chip designs. The IPR regime requires registration of patents and trademarks. Copyrights may be registered with the National Library, a part of the Ministry of Culture, though it is not obligatory and does not affect rights under the law. New Plant Varieties (NPV) are registered with the NPV Registrar of the Ministry of Agriculture. Patents must be registered with the Registrar of Patents and Trademarks at the Ministry of Industry and Trade. Jordan's cabinet has issued a decision to join the Patent Cooperation Treaty and the protocol relating to the Madrid Agreement Concerning the Registration of Marks, but accession and ratification are still pending.

Jordan's pharmaceutical industry generally abides by the new Patent Law. In addition, by signing the FTA, Jordan committed to even stronger enforcement of IPR. It acceded to the World Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonographs (WPPT). The United States is working together with Jordan to address concerns that Jordan needs to strengthen its protection of undisclosed information against unfair commercial use for pharmaceutical products, as well as other U.S. concerns regarding Jordan's implementation of its FTA commitments.

Jordan's record on IPR enforcement has improved. Enforcement mechanisms and legal procedures, however, are still not fully effective and are in need of further refinement. As a result, the government's record on IPR protection remains mixed. Jordan has worked in 2008 on amendments to its copyright regulations and to the law governing the organization responsible for trademarks to meet international obligations and standards. A sizeable portion of videos and software sold in the marketplace, however, remain pirated. Enforcement action against audio/video and software piracy is growing in quantity and improving in its targeting capability, but successful prosecution of piracy cases remains inconsistent. In 2008, Jordan issued its first software piracy jail sentence. The number of trademark and copyright violation cases referred to the courts has also increased. Jordan has been in attendance at several recent Anti-Counterfeiting Trade Agreement (ACTA) meetings and continues to discuss formally joining the ACTA negotiation.

#### SERVICES BARRIERS

As part of its WTO commitments, Jordan agreed to allow unlimited market access in telecommunications services no later than January

1, 2005. Nevertheless, the now privatized Orange (Jordan Telecom) still enjoys a de-facto monopoly of land lines and the internet gateway.

#### INVESTMENT BARRIERS

The government continues to revamp its investment promotion system. It is re-examining investment incentives with the consolidation of all investment promotion activities under a renewed Jordan Investment Board (JIB). These developments will likely lead to expanded investment opportunities in Jordan for U.S. investors.

Jordan's investment laws treat foreign and local investors equally, with the following exceptions (as per regulation No. 54 of 2000, entitled "Non Jordanian Investments Promotion Regulation"):

- Under the terms of the United States-Jordan FTA, ownership of periodical publications is restricted to Jordanian natural persons or Jordanian juridical entities wholly owned by Jordanians;

- Under the same agreement, foreign investors are limited to 60 percent ownership in printing/publishing and in aircraft or vessel maintenance and repair services; and

- Also under the FTA, foreign investors are limited to 50 percent ownership in a specified list of businesses and services.

In general, foreign investors may not have whole or partial ownership of investigation and security services, sports clubs (except for health clubs), stone quarrying for construction purposes, customs clearance services, and land transportation of passengers and cargo using trucks, buses and taxis.

While Jordanian laws set limitations on foreign ownership in certain sectors, the laws also allow for the government to grant exceptions to these limitations where it deems appropriate. This exception policy is viewed as being too selective by some potential U.S. investors.

The FTA Annex 3.1 has a complete listing of limitations on investments and may be found at <http://www.ustr.gov>.

#### ELECTRONIC COMMERCE

Jordan has some legislation regulating electronic commerce, although there has yet to emerge a clear body of regulations and tax laws covering electronic commerce transactions. Legislation that allows for and regulates electronic signatures is still needed. Jordan does not impose tariffs on electronic transactions.

End text.

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<http://www.state.gov.sgov.gov/p/nea/amman/>

Beecroft